

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL	)	
ELECTRIC COOPERATIVE CORPORATION FOR	)	CASE NO. 92-080
ADJUSTMENT OF RATES	)	

O R D E R

IT IS ORDERED that Taylor County Rural Electric Cooperative Corporation ("Taylor County") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than July 31, 1992.

1. Concerning the response to Item 5(b) of the June 5, 1992 Order, provide the detailed costs of the poles, fixtures, installation and any other related costs for street and security lights.

2. Item 5(c) of the June 5, 1992 Order requested that Taylor County provide workpapers, invoices, cost data, or information to justify the increases in fixed charges associated with street and security lights. The request indicated that the cost of service did not clearly define these increases. Taylor County did not file a response to Item 5(c). Provide the originally requested information.

3. Concerning the response to Item 8 of the June 5, 1992 Order, indicate whether Employees No. 127, 128, 129, 130, and 135 were the only employees who worked holidays during the test year. If other employees worked during holidays, indicate the employee number and the total number of holiday hours worked.

4. Concerning the response to Item 11 of the June 5, 1992 Order, provide the following information:

a. Explain in detail why Taylor County contributes 10 percent of the participating employee's base wage to the retirement savings fund, rather than matching the withholding level selected by the participating employee.

b. Prepare a schedule, listing by employee number, each participant in the retirement savings fund and his/her level of withholding for the fund as of test year end.

c. Indicate when the last study of the retirement plan was performed. Describe what actions were taken by the Board of Directors concerning this study. Provide a copy of the last study.

5. Taylor County has indicated that its retirement savings fund is a non-qualified plan. Explain whether Taylor County has

examined the possibility of changing to a qualified plan. Include the results of such an examination.

6. Concerning the response to Item 12 of the June 5, 1992 Order, page 3 of 3, provide the following information:

a. Other than the deductibles for Major Medical coverage, indicate whether there are deductibles which are part of the total medical insurance coverage.

b. A schedule of the single and family monthly rates in effect for the years 1989 through 1991.

c. A detailed explanation of the actions taken by Taylor County to control its medical insurance costs. The discussion should address the consideration given to modifying deductible provisions, adjusting copayments, and other cost containment options.

d. Describe how Taylor County procures its medical insurance coverage. If competitive bidding is used, indicate when the last bids were taken, identify the bidders, the respective bids, and the reason(s) for the selection of the successful bidder. If medical insurance coverage is not procured through competitive bidding, explain in detail why the process is not used.

7. Concerning the response to Item 17 of the June 5, 1992 Order, provide the following information:

a. Item 17(d) requested copies of the 1991 Certification of Public Service Company Property Assessment (Revenue Cabinet Form 61A-200J). Taylor County supplied the 1992

Certification of Public Service Company Property Assessment.  
Provide the originally requested information.

b. A schedule of idle services for Taylor County in total as of December 31, 1991.

8. Concerning the response to Item 20 of the June 5, 1992 Order, provide the following information:

a. Item 20(d) requested the total test-year expense for right-of-way contract work. The response did not provide this amount. Provide the originally requested information.

b. Taylor County's proposed adjustment for right-of-way contractor expense was calculated using 960 hours. Explain why this level of work hours was used.

c. Provide the actual calculations of the 82.5 and 84.45 percent work factors used in this adjustment.

9. Concerning the response to Item 21 of the June 5, 1992 Order, provide the following information:

a. Explain why Taylor County has chosen to inform its members of this program by word of mouth rather than advertising the program.

b. During the next 5 years, indicate whether Taylor County expects the tree replacement program to decrease, increase, or have no effect on its right-of-way contractor expense. Include a detailed explanation concerning this expectation.

10. Concerning the cost/benefit analysis provided in the response to Item 21 of the June 5, 1992 Order, provide the following information:

a. Explain in detail how the rates of \$32.00 and \$27.88 were determined. Include references to the appropriate sections of the Asplundh contract.

b. Explain the basis for the assumption of 12 man-hours of work. Also explain why it was assumed it would take 12 man-hours to either cut down or trim a tree.

11. Concerning the tree replacement program, provide a schedule showing the number of trees replaced and the cost of replacement for the period January 1 through June 30, 1992.

12. Concerning the response to Item 22 of the June 5, 1992 Order, provide a copy of the agreement with Roberts Landscaping and explain in detail how this firm was selected by Taylor County.

13. Concerning the response to Item 24(1) of the June 5, 1992 Order, provide an explanation addressing the accounts payable transactions related to Blue Cross and a construction contractor.

14. Concerning the response to Item 31(c) of the June 5, 1992 Order, provide a schedule listing the specific services provided by and the responsibilities of Taylor County's board of directors.

15. Concerning the response to Item 34 of the June 5, 1992 Order, for each member of the board of directors, indicate the director's place of employment and whether medical insurance coverage is available at the place of employment.

16. In the response to Item 34(c), Taylor County indicated that two of its directors had family health care coverage through their employment. Explain whether Taylor County offers any other forms of compensation to these two directors, since they have not

taken advantage of the medical insurance coverage benefit offered to the other directors.

17. Concerning the response to Item 41 of the June 5, 1992 Order, indicate what amount of the test-year expense for each of the following items was capitalized:

- a. Mapping.
- b. Construction Contract.
- c. Work Order Inspection.
- d. Work Plan.

18. Concerning the response to Item 43 of the June 5, 1992 Order, provide the supporting documentation as requested for voucher reference numbers 14023, 14111, and 14254.

19. Provide a detailed explanation of why Taylor County's estimated rate case costs have increased from \$14,271 to \$21,882.

20. Concerning the response to Item 47 of the June 5, 1992 Order, provide a detailed explanation of how Taylor County determined that the granting of a 2.0 TIER was necessary to continue to meet the requirements of its mortgage agreements.

21. Referring to the response to Items 51(a) and (b) of the June 5, 1992 Order, provide all workpapers and a comprehensive documented written explanation for:

- a. How the customer weights are derived.
- b. Why the use of customer weights are necessary and appropriate.
- c. Why the energy component is not weighted.

22. Referring to the response to Item 52(a) of the June 5, 1992 Order, the response is not clear. Provide and illustrate all calculations used to derive the power cost numbers for each customer class in Application Exhibit L, Exhibit 9a.

23. Referring to the response to Item 52(b) of the June 5, 1992 Order, why is KW not available? Does the data exist necessary to estimate KW?

24. Referring to the response to Item 53 of the June 5, 1992 Order:

a. Explain why distribution plant was not classified into demand-related and customer-related components using a zero-intercept methodology and then allocated to customer classes using KW-demand and customer allocation factors.

b. Why is Taylor County's methodology superior to the zero-intercept method?

c. How are the distribution plant allocation results altered if the zero-intercept method is used?

25. Referring to the response to Item 54 of the June 5, 1992 Order, provide all workpapers and any documentation explaining and supporting Taylor County's reasoning for using 25 percent and 75 percent cost allocators for costs other than consumer accounts and power costs.

Done at Frankfort, Kentucky, this 17th day of July, 1992.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director , Acting